



TO: Governing Board and Implementation Board
Santa Clara Valley Habitat Agency

FROM: Kenneth Schreiber, Interim Executive Officer

SUBJECT: Valley Habitat Agency Mid-year Budget Review---Adjustments of FY13 and FY14 revenues and expenditures, and Direction for Preparation of the FY15 Budget including Agreements and Preparation of a New Fee for Processing Permits under a Army Corps of Engineers Regional General Permit

Recommended Action:

It is recommended that the Implementation Board recommend adoption of the Mid-Year Budget review to the Governing Board, and the Governing Board adopt a resolution approving the Mid-year Budget Review as follows:

- \$30,842 of unexpended FY 2012-2013 funds be re-appropriated to FY 2013-2014 reserves.
- \$33,279.17 of unexpended pre-Habitat Agency funds for Waters Permitting transferred from the Water District be added to the FY 2013-2014 budget.
- FY14 Revenues be adjusted consistent with pages 6 and 7 of the Mid-Year Budget Review.

It is recommended that the Implementation Board and Governing Board adopt motions recommending that for preparation of the FY15 (2014-2015) budget:

- Fund the three Agreements with the City of Morgan Hill for Space, Clerk and Records and Staff Assistance work that expire in 2018 but are dependent on annual renewal of funding.
- Authorize a selection process for legal services covering a two year period (FY15 and FY16).
- Extend and fund the Agreement with the County of Santa Clara for Controller/Treasurer functions for two years (FY15 and FY16).
- Extend and fund the Agreement with the County of Santa Clara for Geographic Information Services, assuming the Agreement is approved, for two years (FY15 and FY16).
- Develop a fee for processing applications for coverage under the Army Corps of Engineers Regional General Permit (RGP) contingent on approval of the RGP.

Discussion:

The process for Habitat Agency review and approval of an annual budget is review by the Implementation Board and adoption by the Governing Board. In June 2013, the Habitat Agency adopted budgets for FY13 (from Agency establishment on April 26 through June 30, 2013) and FY14

(July 1, 2013 through June 30, 2014). The adopted budget is attached to the attached Mid-Year Budget Review.

The Mid-year Budget Review is somewhat unusual in two ways. First, it addresses both FY13 and FY14. For FY13, unexpended funds are recommended to be re-appropriated to FY14. Adjustments to the FY14 budget are also recommended.

Second, the mid-year review requests guidance for the FY15 (July 1, 2014 through June 30, 2015) budget for two areas: Agreements that are dependent on FY15 funding and work on a new fee to be effective in FY15.

Agreements: Given meeting schedules, the intent is to bring the FY15 budget to the Implementation and Governing Boards on March 20, 2014. Guidance is requested on the treatment of Agreements that expire on June 30, 2014 (Legal Services Agreements with the County of Santa Clara and the City of San Jose; Controller/Treasurer Agreement with the County of Santa Clara; and Geographical Information Services Agreement with the County of Santa Clara) and three Agreements with the City of Morgan Hill that are dependent on funding in FY15. Given timing considerations, all Agreements are expected to be extended beyond June 30, 2014 unless direction is given at the January 16, 2014 meeting to consider alternative service providers.

New Fee: It is recommended that in the second half of FY14, work be undertaken on development of a new fee to implement the anticipated Corps of Engineers Regional General Permit. The timing of the new fee would be linked to receipt of the Regional General Permit, which is targeted for mid-2014.

The attached Mid-year Budget Review is organized with the following sections:

- Summary of Recommended Actions
- Update on FY13 and FY14 Budget Objectives;
- Revenues
- Expenditures
- Agreements
 - 1. Agreements with Co-Permittees;
 - 2. Agreements with ICF;
 - 3. Other Agreements
- Implementation of the Regional General Permit

Recommendations are identified above.

The proposed FY15 (July 1, 2014 through June 30, 2015) budget is anticipated for review and action on the March 20, 2014 meeting of the Agency's Boards.

Attachments: Governing Board Resolution

Valley Habitat Agency Mid-Year Budget Review with Adopted Budget Attached

Copies: Public Advisory Committee

RESOLUTION NO. G-2014-0__

**A RESOLUTION OF THE GOVERNING BOARD OF THE
SANTA CLARA VALLEY HABITAT AGENCY ADOPTING
MID-YEAR BUDGET AJUSTMENTS TO THE ANNUAL
BUDGET FOR FISCAL YEAR 2013-2014 (JULY 1, 2013-
JUNE 30, 2014)**

WHEREAS, the Santa Clara Valley Habitat Agency (AGENCY) was created by the Joint Exercise of Powers Agreement Creating the Santa Clara Valley Habitat Agency effective April 26, 2013 (AGREEMENT); and

WHEREAS, the AGREEMENT requires the Agency's Implementation Board to review and make a recommendation to the Agency Governing Board regarding the adoption of the annual budget; and

WHEREAS, at its June 20, 2013 meeting, the Implementation Board reviewed and recommended the approval of the proposed annual budget for Fiscal Year 2013-2014, including July 1, 2013 through June 30, 2014) to the Governing Board; and

WHEREAS, the AGREEMENT requires the Governing Board is to adopt an annual budget; and

WHEREAS, at its June 20, 2013 meeting, the Governing Board considered the Fiscal Year 2013-2014 Annual Budget and adopted Resolution No. G-2013-008 approving the Fiscal Year 2013-1014 Annual Budget; and

WHEREAS, at its January 16, 2014 meeting, the Implementation Board reviewed and recommended approval of proposed mid-year budget adjustments to the Fiscal Year 2013-2014 Annual Budget as specified in the January 16, 2014 memorandum from the

Agency's Executive Officer, and the Governing Board considered the adoption of the proposed mid-year budget adjustments to the Fiscal Year 2013-2014 Annual Budget.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE SANTA CLARA VALLEY HABITAT AGENCY THAT:

1. The mid-year adjustments to the Fiscal Year 2013-2014 Annual Budget, July 1, 2013 through June 30, 2014 inclusive, specified in the January 16, 2014 memorandum from the Agency's Executive Officer are hereby approved and adopted.
2. The Executive Officer is hereby directed to revise the document attached as Exhibit "A" to Resolution No. G-2013-008 adopting the Fiscal Year 2013-2014 Annual Budget to specify the mid-year adjustments approved herein.

ADOPTED this _____ day of _____, 2014, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

Chair, Governing Board

ATTEST:

MICHELLE WILSON
Agency Clerk

SANTA CLARA VALLY HABITAT AGENCY
MID-YEAR BUDGET REVIEW
JANUARY 2014

Introduction

The process for Habitat Agency review and approval of an annual budget is review by the Implementation Board and adoption by the Governing Board. In June 2013, the Habitat Agency adopted budgets for FY13 (from Agency establishment on April 26 through June 30, 2013) and FY14 (July 1, 2013 through June 30, 2014)(attached).

This mid-year review is somewhat unusual in two ways. First, it addresses both FY13 and FY14. For FY13, unexpended funds are recommended to be carried into FY14. Adjustments to the FY14 budget are also recommended.

Second, the mid-year review requests guidance for the FY15 (July 1, 2014 through June 30, 2015) budget for two areas: Agreements that are dependent on FY15 funding and work on a new fee to be effective in FY15.

Agreements: Given meeting schedules, the intent is to bring the FY15 budget to the Implementation and Governing Boards on March 20, 2014. Guidance is requested on the treatment of Agreements that expire on June 30, 2014 (Legal Services Agreements with the County of Santa Clara and the City of San Jose; Controller/Treasures Agreement with the County of Santa Clara; and Geographical Information Services Agreement with the County of Santa Clara) and three Agreements with the City of Morgan Hill that are dependent on funding in FY15. Given timing considerations, all Agreements are expected to be extended beyond June 30, 2013 unless direction is given at the January 16, 2014 meeting to consider alternative service providers.

New Fee: It is recommended that in the second half of FY14, work be undertaken on development of a new fee to implement the anticipated Corps of Engineers Regional General Permit. The timing of the new fee would be linked to receipt of the Regional General Permit, which is targeted for mid-2014.

The report is organized with the following sections:

- Summary of Recommended Actions
- Update on FY13 and FY14 Budget Objectives;
- Revenues
- Expenditures
- Agreements
 - 1. Agreements with Co-Permittees;
 - 2. Agreements with ICF;
 - 3. Other Agreements
- Implementation of the Regional General Permit

Summary of Recommended Actions

Approve a Governing Board Resolution to address:

FY13 Budget

1. Re-appropriated \$30,842 of unexpended FY13 funds to FY14 reserves.

FY14 Budget

2. Transfer \$33,279.17 of unexpended pre-Habitat Agency funds for Waters Permitting to the FY13 budget.
3. Adjust FY14 Revenues consistent with the Mid-Year Budget Review REVENUE table (pages 6 and 7 of the Mid-year Budget Review).

Adopt a motion providing guidance on the preparation of the FY15 Budget:

FY15 Budget---Agreements

4. Fund the three Agreements with the City of Morgan Hill for Space, Clerk and Records and Staff Assistance work that expire in 2018 but are dependent on annual renewal of funding.
5. Authorize a selection process for legal services covering a two year period (FY15 and FY16).
6. Extend and fund the Agreement with the County of Santa Clara for Controller/Treasurer functions for two years (FY15 and FY16).
7. Extend and fund the Agreement with the County of Santa Clara for Geographic Information Services, assuming the Agreement is approved, for two years (FY15 and FY16).

FY15 Budget---New Fee

8. Develop a fee for processing applications for coverage under the Army Corps of Engineers Regional General Permit (RGP) contingent on approval of the RGP.

Update on FY13 and FY14 Budget Objectives

The FY13 and FY14 budgets identified four Objectives. A brief status is provided for each Objective.

1. Establish and implement efficiently functioning use of the Habitat Plan in the review and permitting of private and public sector projects.

The Habitat Agency's Fee Schedule was effective on October 14, 2013. A major effort by staff from the Co-Permittees resulted in application documents, a geo-browser, information on frequently asked questions and a User's Manual being placed on the Agency's website. The website continues to be www.scv-habitatplan.org. The City of Morgan Hill, under its' contract with the Habitat Agency, is taking the lead on creation of a new website with a shift from the current website occurring in the second half of FY14. Co-Permittee staff continue to work on the process for granting coverage for public sector projects as well as addressing technical questions related to implementation of the Plan. A Participating Special Entity (PSE) Policy was developed and approved by the Implementation Board. Staff, primarily from ICF, are working with several organizations on PSE applications.

2. Facilitate preparation of the Annual Report and other information reporting needs by establishing integrated collection of private and public project, Reserve System and other information.

A key part of developing project application documents and standardizing information on public sector activities has been to link the application-related information as well as information on public activities with the information needed for the Annual Report (first Report due in Spring 2015). This work, as well as development of analytic tools for evaluating potential Reserve System sites and monitoring and adaptive management data protocols will be a focus of work in the second half of FY14.

3. Obtain a Habitat Plan-based Regional General Permit from the Army Corps of Engineers and work with the Regional Water Quality Control Boards to facilitate use of the Habitat Plan in Board permitting.

In close coordination with the Army Corps of Engineers (COE) staff, the strategy that emerged in mid-2013 is to focus all resources on completion of the Regional General Permit (RGP) that will link together over 90% of Habitat Plan approved covered activities that need a COE permit with the RGP. Work on issues related to the Regional Water Quality Control Boards is on hold other than efforts by the Executive Officer to monitor and find ways to influence State Water Board consideration of a policy to use Habitat Conservation Plans in Regional Board permitting. The amount of time that has been devoted to coordination of work with staff from the COE as well as staff from the National Marine Fisheries Service, including preparation of a Draft Biological Assessment and other documents needed for the RGP, has been significantly more than anticipated. An addition of \$30,000 for ICF's work on the RGP in the remainder of FY14 is recommended under Expenditures. Total funding in this budget category is sufficient to address the additional funding for the RGP.

4. Start work on implementation of the conservation strategy with the focus on issues that have especially high priority and challenging components.

As anticipated in the adopted FY14 budget, key activities in the second half of FY14 will be initial work on various conservation activities. Approval on January 16, 2014 of the extended and expanded contract with ICF is central to a notable part of this work. Specific topics that will receive notable attention include wetland restoration and creation; integration of existing open space and site selection; rangeland management; serpentine management; Burrowing Owl conservation; connectivity and permeability; and Reserve Unit Management and Monitoring and Adaptive Management data collection needs and protocols. It is assumed that the County of Santa Clara Parks and Recreation Department, with important input from the Open Space Authority, will have a major role in the work on evaluation of existing open space sites for inclusion in the Reserve System. It is also assumed that work on elements of the conservation strategy will incorporate representatives of stakeholders, local educational institutions, the Wildlife Agencies, the public and science-based experts.

Revenues

Three specific revenues have been received:

Date	Source	Amount
September 2013	SCVWD---Calabazas Creek Flood Control Project Mitigation	\$86,300
September 2013	SCVWD---Pre-payment of Impact Fees	\$165,000
December 2013	Madrone Villages (Morgan Hill) Impact Fees	\$324,312.89
Total		\$575,612.89

The two impact fees result from projects approved by the Fish and Wildlife Service through the Section 7 permit process prior to approval of the Habitat Plan. The \$165,000 is part of the Water District's September 2012 commitment to allocated \$500,000 of funding in advance of future project impact fees.

\$225,000 of the \$500,000 was allocated for the ICF contract that was subsequently transferred from the District to the Habitat Agency in December 2013. \$82,315 of the ICF contract funds have not been expended and will be transferred to the Habitat Agency.

Receipt of fees for private and public sector projects will not occur until the AB 1600 compliant accounting system is established. That is anticipated by March 2014.

Applications from two Participating Special Entities are being processed (Gavilan College and UC Berkeley) with total fees of approximately \$120,000. A PSE application from the Open Space Authority is also being processed. It is likely that at least one additional PSE application will be received and processed in FY14. The adopted FY14 budget anticipated PSE revenues of \$150,000.

Revenue Summary

Source	FY13 Budget	FY13 Actual	FY14 Budget	FY14 first half Actual	FY14 Revised Total
Calabazas Creek/SCVWD	86,300	0	0	86,300	86,300
152/156 VTA	184,650	0	45,000	0	45,000
SCVWD Pre-payment	449,683	0	0	165,000*	165,000*
Signature Homes Mitigation Fee	0	0	324,312	324,313	324,313
Evergreen College Mitigation Fee	0	0	14,328	0	14,328
Public and Private Sector Projects	0	0	776,500	0	776,500
Participating Special Entities	0	0	\$150,000	0	120,000
Grants	0	0	0	0	0
Transfer from SCVWD re Contracts	0	0	125,000	0	116,362
Total	\$720,633	0	1,435,140	575,613	1,602,803

* The SCVWD appropriated \$500,000 for pre-payment of mitigation fees. Of that amount, \$10,000 was expended for Willdan Economics, \$100,000 for Land use Planning Services, \$225,000 for the ICF contract and \$165,000 was unallocated and transferred to the Habitat Agency

Expenditures

Cost Center #	Cost Center	FY13 Budget	FY13 Actual	FY14 Budget	FY14 6 month Actual
1.0	Admin/Support/Grant Services	94,096	61,281	883,706	209,483

2.0	Tech and Permit Support	20,000	21,478	290,500	11,150
3.0	Conservation Strategy Imp	0	430	365,000	0
4.0	Plan Prep and Endowment	0	0	104,100	0
Total		114,096	83,254	1,643,306	220,633
	Non-Habitat Agency Waters Permitting Carryover Funds	24,986	18,031.28	100,000	73,675.07

It is recommended that the remaining FY13 balance (\$114,096 minus \$83,254 = \$30,842) be re-appropriated to FY14 reserves. The only other change to the FY14 budget appropriation is incorporation of the remaining non-Habitat Agency Waters Permitting Funds (\$33,279.17).

An issue of special note is completion of work on the Regional General Permit. The RGP-related work (ICF---1b) has been funded by Local Partner funds authorized as part of the preparation of the Final Plan. The remaining \$33,279.17 will need to be supplemented by \$30,000. An issue is the source of the \$30,000. The Errata document incorporated into the Habitat Plan's approval process addresses the need for the RGP and other waters permitting work as part of implementing the Plan. The \$30,000 will come from development impact revenues. It is anticipated that FY15 work on Regional Water Quality Board permitting issues will also come from that source.

Costs of the Waters Permitting work in the ICF Agreement are consistent with the adopted Habitat Agency's FY14 budget, which allocates \$125,000 in FY14 for Waters Permitting (Cost Center 2.3). Of the \$125,000, \$32,279 will be the waters permitting portion of the ICF contract transferred by the SCVWD on December 30, 2013 and \$30,000 will be the additional funding in the ICF Phase 10 Agreement on the January 16, 2014 Implementation Board funding. It is unlikely that the remainder of the \$125,000 will be needed in FY14.

Agreements

Agreements entered into by the Habitat Agency fall into several categories.

1. Agreements with Co-Permittees for services

Permittee	Service	Term	Comment
City of Morgan Hill	Agency Office Space and related services	9/20/13-9/30/18	Continuation beyond June 30, 2014 requires funding in FY15 Agency budget.
City of Morgan Hill	Clerk and Records Services	5/1/13-6/30/18	Continuation beyond June 30, 2014 requires funding in FY15 Agency budget.
City of Morgan Hill	Staff Support Services	10/1/13-9/30/18	Continuation beyond June 30, 2014 requires funding in FY15 Agency budget.
City of San Jose	Legal Services	4/26/13-6/30/14	The September 19, 2013 Implementation Board staff report noted that "In the spring, the Implementation Board will consider whether to propose extension of the Agreement with San Jose, or to conduct a selection process for legal services in future fiscal years." If a selection process is to be pursued, that will need to be authorized at

			the January 16, 2014 meeting to achieve action on a new Agreement prior to July 1, 2014.
County of Santa Clara	Controller/Treasurer	4/26/13- 6/30/14	The JPA Agreement notes that the County Controller-Treasurer shall be the Treasurer and Controller "of the Agency until such time as the Governing Board may appoint a replacement."
County of Santa Clara	Legal	4/26/13- 6/30/14	The Agreement with the County was approved by the Executive Officer under the authority for approval of Agreements not to exceed \$10,000.
County of Santa Clara	GIS Services	070113- 063014	The Agreement with the Habitat Agency and the County for GIS services is under review.

Observations and Recommendations:

- The Agreements with the City of Morgan Hill are recommended to be funded for FY15. Office space has been renovated and occupied. A half time Management Assistant started work on January 6, 2014. The Agency's meeting location for Board meetings is being coordinated with the City's Council Chamber renovation project, which is under construction with completion targeted for mid-2014.
- The Agreements with the City of San Jose and the County for legal services were initial Agreements. The Agency's total budget for legal services (FY13---\$30,000 and F14---\$120,000 and approval contract amounts (City--\$140,000 and County---\$10,000) were estimates with refinement of work scope and cost assumed for subsequent agreements. As noted above, the September 19, 2013 staff report related to approval of the Agreement with the City of San Jose noted that "In the spring, the Implementation Board will consider whether to propose extension of the Agreement with San Jose, or to conduct a selection process for legal services in future fiscal years."

It is recommended that the Implementation Board authorize a selection process for legal services covering a two year period (FY15 and FY16).

- The Agreement with the County for Controller/Treasurer functions should be extended. The major challenge that will be addressed in the coming months is setting up an accounting system capable of addressing the requirements of California's AB 1600, Development Impact Fee regulations. The County staff does not have experience with implementation of AB 1600. Assistance will be provided through two contracts not to exceed \$10,000. One Agreement is with Urban Economics/Bob Spencer, who did the Development Fee (i.e., Nexus) Study and the second Agreement will be with an individual with extensive experience in managing AB 1600-related accounting.

It is recommended that the Agreement with the County of Santa Clara for Controller/Treasurer functions be extended for two years (FY15 and FY16).

- The Implementation Board authorized, on September 19, 2013, the Executive Officer to approve an Agreement with the County not to exceed \$90,000 for Geographic Information Services. The Agreement is being prepared by the County Counsel's Office with review by the Agency's Legal Counsel. The Agreement, which will be retroactive to July 1, 2013, will need approval by the County Board of Supervisors prior to approval by the Executive Officer. The County's GIS-related work has been very high quality work for a function that is critical for the permit approval application process and other data collection and organization work.

It is recommended, on the assumption that an Agreement with the County for FY14 is approved, that the Agreement with the County for GIS services be extended for two years (FY15 and FY16).

2. Agreement with ICF

Note: ICF 1a, 1b and 1c are part of one contract that was transferred from the SCVWD to the Habitat Agency effective December 1, 2013.

	Service	Term	Comment
ICF---1a	Consulting re Final Plan	010111-123113	Transferred from SCVWD; \$769.22 remaining as of 113013; funds will be incorporated into ICF---2
ICF---1b	Consulting re Corps of Engineers RGP	010111-123113	Transferred from SCVWD; \$33,279.17 remaining as of 113013; will be supplemented by \$30,000 in ICF---2
ICF---1c	Consulting re initial implementation tasks	010111-123113	Transferred from SCVWD; 82,313.83 remaining as of 113013; work will continue as part of ICF---2
ICF---2	Consulting re implementation tasks	010114-123114	Implementation Board action on January 16; see separate staff report on the ICF Agreement

3. Other Agreements

	Service	Term	Comment
Alliant Insurance	Liability and Commercial insurance policies	9/1/13-7/1/14; and 9/29/13-9/29/14	The total cost of the policies is \$4,248.43 versus a budget of \$25,000. The County's Risk Manager cautions that over time, as the Agency acquires assets, the insurance costs will increase. Timely extension of the policies is recommended.
Land Use Planning Services, Inc	Management	7/1/13-6/30/14	Agreement will expire on June 30, 2014; no further action is needed.
Urban Economics	Financial Services--assistance on AB 1600 compliance and RGP	080113-123114	Executive Officer \$10,000 maximum approval authority; Board approval of an expansion of the Agreement's funding may be necessary because of work on the RGP

	implementation fee		implementation fee issue
Individual	Financial Services-- -accounting system including AB 1600 compliance	Pending to 063014	Executive Officer \$10,000 maximum approval authority; Board approval of an expansion of the Agreement's funding is likely for FY15 because of work on the RGP implementation fee issue and the value of having oversight of accounting implementation.
Liebert Cassidy	Legal Services for Executive Officer Search	Work completed	Agreement for \$4,000 provided information to be used in the Executive Officer search process
CPS HR Consulting Services	Executive Officer Search	122013-123114	Contract is for \$29,000. Objective is to complete the search process and have a permanent Executive Officer start work in June 2014.

Implementation of the Regional General Permit

The adopted Agency budget noted, under Cost Center 2.0, Tasks 2.3.3 and 2.3.4, that there were anticipated costs associated with implementation of the RGP. The application review process proposed to COE staff (and through the RGP process, with National Marine Fisheries Service (NMFS) staff) will have the Habitat Agency coordinate review and submittal of applications for approval under the RGP. To facilitate COE and NMFS staff action on specific activities receiving permits through the RGP, Habitat Agency staff will review individual applications and forward to the COE and NMFS complete applications with an assessment as to how the application fits within the RGP. This will be work that was not contemplated in the Habitat Plan's Cost Model and fees. Doing this work will necessitate adoption of a new cost recovery fee. The development of the fee will be worked on during the second half of FY14 with a fee effective date in mid-2014 consistent with the RGP effective date. Specific costs and revenues will be addressed in the FY15 budget.

Attachment: FY13 and FY14 Budget Adopted June 20, 2013

SANTA CLARA VALLEY HABITAT AGENCY FY13 and FY14 BUDGETS

FISCAL YEAR 13 (APRIL 26 THROUGH JUNE 30, 2013)

FISCAL YEAR 14 (JULY 1, 2013 THROUGH JUNE 30, 2014)

Introduction

The Santa Clara Valley Habitat Agency (VHA) is a Joint Powers Authority intended to manage the implementation of the Santa Clara Valley Habitat Plan (VHP). The VHP is a Habitat Conservation Plan consistent with federal endangered species regulations and a Natural Community Conservation Plan consistent with State of California endangered species regulations.

The VHA's effective date was April 26, 2013. The VHA's formation document provides for a fiscal year from July 1 to June 30. Thus this budget document addresses both Fiscal Year 2013 (FY13) extending from April 26 through June 30, 2013 and Fiscal Year 2014 (FY14) from July 1, 2013 through June 30, 2014. This budget document has been prepared to address the requirements in the Joint Power Agreement that establishes the VHA, the Implementation Chapter of the VHP and related regulations and requirements applicable to a Joint Powers Authority.

The VHP has been adopted by six local jurisdictions (the cities of Gilroy, Morgan Hill and San Jose, the County of Santa Clara, the Santa Clara Valley Transportation Authority (VTA) and the Santa Clara Valley Water District) and the Santa Clara Valley Habitat Agency. These seven organizations are referred to as the Permittees. VHP approval documents and related endangered species incidental take permits are being prepared by the U.S. Fish and Wildlife Service and the State of California Department of Fish and Wildlife and are anticipated to be completed during the Summer of 2013. The federal and State permits will provide that the Permittees exercise delegated federal and State take permit authority consistent with the VHP. The ability of the local jurisdictions to issue take permits is dependent on adoption of Development Impact Fees as provided for in the California Mitigation Fee Act. It is anticipated that the Fees will be effective in December 2013.

The Habitat Agency has submitted the required forms to the Secretary of State and the State Controller that enable adoption of the Agency's budget.

It is assumed that there will be a mid-year budget review and update in late-2013 or early-2014.

Budget Objectives

In preparing the budgets, four key objectives have been identified:

1. *Establish and implement efficiently functioning use of the Habitat Plan in the review and permitting of private and public sector projects.*

Numerous commitments were made during preparation of the VHP that implementation of the Plan would streamline the review and approval of private and public sector projects. Staff from the local jurisdictions and consultants have been working and will continue to work on application forms, user guidance documents and other materials needed to assist in applying the Plan to specific activities. Both public and private sector

projects have and will continue to trigger questions regarding the content and intent of the VHP. Research and documentation of Plan-related questions includes coordination among the local jurisdictions to maintain consistency in Plan implementation.

2. *Facilitate preparation of the Annual Report and other information reporting needs by establishing integrated collection of private and public project, Reserve System and other information.*

The Annual Report, the first of which is required after FY14, is the primary reporting document submitted by the VHA to the State and federal Wildlife Agencies and the public. The Annual Report includes considerable data. Having project applications, site studies, conservation strategy related work and other VHP implementation activities structured to facilitate preparation of the Annual Report will save future time and financial resources.

3. *Obtain a Habitat Plan-based Regional General Permit from the Army Corps of Engineers and work with the Regional Water Quality Control Boards to facilitate use of the Habitat Plan in Board permitting.*

The emergence in recent years of a willingness by the U.S. Army Corps of Engineers to integrate federal Clean Water Act-related permitting with habitat conservation plans added considerable value to the VHP. A Regional General Permit (RGP) application that incorporates the Habitat Plan is under review by the San Francisco Division of the Corps of Engineers (COE). The RGP as proposed will address approximately 90% of the federal waters-related permits in the Habitat Plan Permit Area. Preparation of the RGP is a complicated process being undertaken by COE staff.. While a detailed schedule is not possible, it is likely that the RGP will be completed by the end of FY14. The RGP will be part of working with the Regional Water Quality Control Boards on finding ways to link their permitting with the VHP.

4. *Start work on implementation of the conservation strategy with the focus on issues that have especially high priority and challenging components.*

The FY14 budget focuses attention on initial work on conservation activities that combine high priority and complexity: wetland restoration and creation; integration of existing open space and site selection; rangeland management; serpentine management; Burrowing Owl conservation; connectivity and permeability; and Reserve Unit Management and Monitoring and Adaptive Management. One key objective is to identify data collection needs and protocols in order to have efficient and timely data collection. It is assumed that work on elements of the conservation strategy will incorporate representatives of stakeholders, local educational institutions, the Wildlife Agencies, the public and science-based experts.

Budget Format

The following budget information addresses several time frames:

- FY 13 covers the period from April 26 through June 30, 2013;
- FY14 has two important time periods including from July 1, 2013 through late 2013 when the VHA is carrying out numerous agency start up and implementation-related tasks and from late 2013 through July 1, 2014 when, in addition to other tasks, the

Permittees will be issuing incidental take permits and receiving mitigation fees consistent with the VHP.

Expenses are clustered under one of four work areas:

1. Administration/Support/Grant Services
2. Technical Services
3. Conservation Strategy Implementation—Reserve Creation, management and Maintenance
4. Plan Preparation and Endowment

Each work area has a series of Cost Centers. Revenue and Expenses are summarized in separate tables (Table 1, Revenues and Table 2, Expenses, each of which addresses both FY13 and FY14. Explanatory text regarding Revenues follows this Budget introductory text. Explanatory text regarding each Cost Center expense is incorporated into the description of each Cost Center (i.e., a cost of some the Cost Centers in the follow Table 2, Expenses is a summation of tasks). As noted in the tables and text, there is one SCVWD carryover contract with ICF Jones & Stokes for the Regional General Permit and related waters permitting work. This contract uses Habitat Plan development funds from the 2011 Local Partner cost assessments. It is assumed that this contract will be assigned by the Water District to the VHA and thus the contract balance (budgeted at \$125,000) is both revenue and an expense.

A fourth Cost Center addresses two fees that need to be separately accounted for: the Plan Preparation Fee and the Endowment Fee.

Unexpended revenues from FY13 are allocated to FY14 in Table 3. Table 3 identifies Unappropriated FY14 Revenue of \$383,871 that can function as a Contingency. Future budgets should consider a specific Contingency line item.

Relationship of the Budgets to the Habitat Plan's Cost Model

The VHP's Cost Model (Appendix G) was used as a guide to cost centers and likely expenditures but not translated directly to the budget. The Model assumed pre-start up costs (all numbers are rounded) of \$441,000 and an initial land acquisition expense of \$3,730,000. In the budgets, pre-start up costs cover FY13 and four months of FY14 and are estimated at approximately \$500,000. It has not been possible to pursue a land acquisition prior to the VHP's impact fees going into effect. A FY14 task is to develop a data base of grant resources and develop one or more grant applications.

The Model groups costs into 10 five year segments covering the 50 year permit term. Using one-fifth of the Years 1-5 cost assumptions yields an annual non-land acquisition cost of \$4,274,000 and an annual land acquisition cost of \$5,475,000. The proposed budgets for FY13 and FY14, excluding pre-start up costs, total approximately \$1,250,000. Land acquisition costs are not identified for FY14 but could occur via a budget amendment

	A	B	C	D
1	TABLE 1---REVENUES FOR FY13 AND FY14			
2	SANTA CLARA VALLEY HABITAT AGENCY BUDGET	FY 13 (April 26 through June 30, 2013) and		
3		FY 14 (July 1, 2013 through June 30, 2014)		
4	REVENUE			
5				
6	NON-HABITAT PLAN PERMIT SOURCES	FY13	FY14	
7	Calabazas Creek Section 7 (SCVWD)	86,300		
8	152/156 Section 7 (VTA)	184,650		
9	Pre-payment (SCVWD)	449,683		
10	Signature Homes Section 7 (Morgan Hill)		324,312	
11	Evergreen College CEQA Mitigation--Nitrogen		14,328	
12				
13				
14	PUBLIC AND PRIVATE SECTOR PROJECT FEES	0	776,500	
15				
16	PARTICIPATING SPECIAL ENTITIES		150,000	
17				
18	GRANTS	0	0	
19				
20	TRANSFER OF CONTRACT FROM SCVWD		125,000	
21				
22	TOTAL REVENUE	720,633	1390140	
23				
24				
25	Notes:			
26	SCVWD Pre-payment is \$500,000 minus the costs of Land Use Planning Services actual expenses			
27	for January 1, 2013 through April 26, 2013. District funds have been used for a contract with ICF			
28	Jones & Stokes (\$225,000) and Willdan Financial (\$10,000) both of which have been accounted for as			
29	FY13 or FY14 expenses. A contract with Land Use Planning Services is for January 1 through			
30	June 30, 2013. The costs from April 29 through June 30, 2013 are accounted for as FY13 expenses.			
31	The remainder of the SCVWD Pre-payment was unallocated by the District.			
32				
33	Plan Preparation Fee is 1.4% of each development impact fee.			
34	Endowment Fee is 11.7% of Land Cover, Owl, Serpentine and Nitrogen Fees and 12.2% of Wetland Fees.			
35				
36	Participating Special Entity Fee is applicable development fee plus applicable Plan Preparation			
37	and Endowment Fees PLUS PSE Admin surcharge.			
38				
39	Open Space Authority fees assumed to be land in lieu of fees.			
40				
41	Transfer of Contract from SCVWD is for Waters Permitting funding by Habitat Plan preparation funds.			

[illegible]

	A	B	C	D	E
1	TABLE 3---CASH FLOW AND TRANSFER OF FY13 FUNDING TO FY14				
2	SANTA CLARA VALLEY HABITAT AGENCY BUDGET	FY 13 (April 26 through June 30, 2013) and			
3		FY 14 (July 1, 2013 through June 30, 2014)			
4					
5	FY13 Revenue	720,633			
6	FY13 Appropriation	114,096			
7	FY13 Unappropriated Revenue	606,537			
8	FY13 Estimated Unexpended Appropriation	30,500			
9					
10	TOTAL FY13 Funds to FY14				
11	Unappropriated Revenue	606,537			
12	Unexpended Appropriations	30,500			
13	Total	637,037			
14					
15	TOTAL FY14 Funds				
16	Budgeted Revenue	1,390,140			
17	Unexpended FY13 Funds	637,037			
18	Total FY14 Funding	2,027,177			
19					
20	UNAPPROPRIATED FY14 REVENUE				
21	Total FY14 Funding	2,027,177			
22	Total FY14 Appropriation	1,643,306			
23	Unappropriated FY14 Revenue	383,871			

Santa Clara Valley Habitat Agency 2012-2013 and 2013-2014 Budget Revenues

Revenues for FY13 and the part of FY14 before Impact Fees are effective (July 1, 2013 to late-2013) come from two sources: project mitigation payments previously approved by the U.S. Fish and Wildlife Service through federal Section 7 permits (total of \$270,950) and pre-payment of mitigation payments by the Santa Clara Valley Water District (\$500,000). It is also anticipated that Evergreen Valley Community College will pay the VHA \$14,328 for CEQA mitigation of Nitrogen Deposition impacts resulting from campus modifications. Once the VHA's Fee Schedule is effective and local jurisdictions can issue take permits as part of project approvals (assumed to start in late-2013), the VHA will receive project-specific mitigation fees. These fees include a \$324,312 mitigation fee in a Section 7 Biological Opinion for a residential project in Morgan Hill (Madrone Villages) and \$776,500 estimated by the Cities of Gilroy, Morgan Hill and San Jose and the County of Santa Clara for public and private development fees payable after the Habitat Agency's Fee Schedule is effective.

Development impact fees have three components: a base fee, an endowment fee and a Plan preparation fee. The endowment fee will be placed in a separate account and invested by the County of Santa Clara. The Plan Preparation fee, which does not apply to project fees payable by any of the seven Permittees, will be distributed, starting after FY14, to the six local jurisdictions that prepared the Plan. In the Habitat Agency's budget, the endowment and Plan preparation fees are both revenue and a cost as identified in Cost Centers 4.1 and 4.2.

Another source of funding is an estimated \$150,000 that will come from Participating Special Entities (PSEs) that receive discretionary Habitat Agency approval for use of the VHP to address project impacts. PSEs are jurisdictions and agencies that are not covered by local land use regulations and thus are not covered by the VHP. Examples include Community Colleges, Special Districts, State and federal agencies and regulated utility companies (e.g., PG&E). The Santa Clara County Open Space Authority (OSA) will be a PSE. For OSA, the cost of their permits will be offset by part of the value of land provided to the Reserve System. The intent of VHA staff is to work out a template PSE Agreement this Summer in coordination with OSA and have an OSA PSE Agreement approved by the Implementation Board in late 2013. Most PSEs will pay Habitat Plan Fees plus a yet to be determined administrative charge. Organizations that have contacted the VHA about specific near term projects that could be part of a PSE Agreement include Gavilan College, San Jose Water Company and Caltrans. PG&E has previously expressed interest in becoming a PSE. The \$150,000 estimate is based on a Caltrans project and is a conservative revenue estimate. It is anticipated that by the mid-year budget review, notably more will be known about potential PSEs.

Transfer from the Water District of the ICF Jones & Stokes contract for waters permitting shows as revenue of \$125,000.

In the future, grant funds will be an important part of the VHA's revenue. No grant funds are identified for FY13 or FY14.

Santa Clara Valley Habitat Agency 2012-2013 and 2013-2014 Budget Expenses

Work Area 1: Administration/Support/Grant Services

Cost Center: 1.1 Executive Officer (SCVHP Sections 8.3.2 and 9.3.5)

Description of Work: The Executive Officer is a contract position responsible for overall management of the Habitat Agency. Work priorities include:

Manage overall implementation of the Habitat Plan.

Assist the Permittees in establishing and maintaining an efficient permitting process for public and private sector projects.

Provide advice, including interpretation of the Habitat Plan, to local agency staffs, potential applicants including consultants, and the general public.

Facilitate initial work on implementation of the Habitat Plan's conservation strategy.

Facilitate processing and receipt of a Regional General Permit from the Army Corps of Engineers and facilitate a Habitat Plan-based working relationship with the Regional Water Quality Control Boards.

Work with the Implementation Board and Governing Board on staffing the Executive Officer position after June 2014 and administer a recruitment process consistent with direction from the Boards.

Represent the Habitat Plan and Habitat Agency with other agencies, organizations and the general public.

Resources: The services of the Executive Officer will be provided through a contract with Land Use Planning Services, Inc. (LUPS) at a monthly cost of \$12,500 plus \$750 for reimbursable expenses. The Santa Clara Valley Water District's contract with LUPS for Interim Executive Officer services will run through June 2013. A contract between the Habitat Agency and LUPS will address the period from July 1, 2013 through June 30, 2014.

FY2013---April 26 through June 30, 2013: \$26,500

FY2014---July 1, 2013 through June 30, 2014: \$159,000

Cost Center: 1.2 Legal Services (SCVHP Sections 8.3.10 and 6.3.5)

Description of Work: Provision of legal services will be primarily through a contract with the City of San Jose. A contract for up to \$10,000 will be entered into with the County of Santa Clara for back up legal services to support the City of San Jose. Work priorities include:

- Provide Implementation Board and Governing Board pre-meeting, meeting and post-meeting services to facilitate the smooth functioning of the Habitat Agency.
- Provide advice, including review of applicable documents, to the Executive Officer, those providing Financial and Clerk services and other resources supporting implementation of the Habitat Plan.

- Review and provide advice on proposed contracts and grant applications.
- Review and provide advice on interpretations of the Habitat Plan when requested by the Executive Officer.
- Provide, in response to requests, advice to the attorneys representing the local Permittees.

Resources: Legal Services will be provided through a contract with the City of San Jose at a cost not to exceed \$140,000 (\$20,000 for FY13 and \$120,000 for FY14) and a contract with the County of Santa Clara for assistance as needed at a cost not to exceed \$10,000.

FY2013---April 26 through June 30, 2013: \$30,000

FY2014---July 1, 2013 through June 30, 2014: \$120,000

Cost Center: 1.3 Financial Services (SCVHP Sections 8.3.10 and 9.3.5)

Description of Work: Carry out the Habitat Agency's Fiscal Agent (Treasurer and Controller) functions consistent with the adopted Joint Powers Authority Agreement and necessary accounting and bookkeeping work. Work priorities include:

- Secure by early FY14 the services of a resource that will identify an overall financial management framework for the Agency including responsibilities of the County and the accounting/bookkeeping resources necessary to establish and maintain revenue receipt, disbursement and other functions of a public agency accounting system including compliance with the California Mitigation Fee Act (estimated at \$20,000).
- Enter into a contract with the County of Santa Clara to fulfill Fiscal Agent (Controller/Treasurer) functions (\$4,000 for FY13 and \$26,000 for FY14).
- Secure the services of an accounting/bookkeeping resource for the Agency's ongoing financial management needs (estimated at no more than \$75,000).
- Provide a report, at least quarterly, as well as an annual report to the Governing and Implementation Boards on total receipts, expenditures and the amount of money being held in Habitat Agency accounts.
- Receive, maintain and report on impact fee revenues consistent with the California Mitigation Fee Act.

Resources:

FY2013---April 26 through June 30, 2013: \$8,000

FY2014---July 1, 2013 through June 30, 2014: \$147,000

Cost Center: 1.4 Clerk Services (SCVHP Section 9.3.5)

Description of Work: Clerk Services will be provided through a contract with the City of Morgan Hill. Work priorities include:

- Providing services for Habitat Agency Board and Committee meetings including agenda preparation and noticing, collection and distribution of staff reports and

other meeting packet materials, clerk services at meetings, facilitating video recording of meetings.

- Retention of Habitat Agency records.
- Public Records Act, Conflict of interest Form 700 and Ethics AB 1234 compliance.
- Website maintenance.

Resources: The City of Morgan Hill has proposed two cost components for Clerk functions: a monthly base fee of \$2,515 and a cost of \$1,483 for meetings that run no longer than two hours. A contingency of 20% for meeting costs is recommended by the Local Partner Management Team to cover the costs of longer meetings and meetings in excess of the number in the proposal. The number of meetings in FY2013 is assumed to be 2 for a total cost of \$3,560 including contingency. For FY2014, 25 public meetings are assumed (4 Governing Board meetings, 10 Implementation Board meetings, 5 Public Advisory Committee meetings and 6 Technical Advisory Committee meetings) for a total cost of \$44,500 including contingency.

FY2013---April 26 through June 30, 2013: \$9,596 (two months base fee and two meetings)

FY2014---July 1, 2013 through June 30, 2014: \$80,706 (12 months base fee and twenty five meetings)

Cost Center: 1.5 Office Staffing (SCVHP Section 9.3.5)

Description of Work: The Habitat Agency office will be located, starting in August, in the City of Morgan Hill government center. The office will be open four hours per day and a one-half time staff person will be provided by the City to provide office staffing. Work priorities include:

- Telephone and other communication coverage;
- Scheduling;
- Filing and other record retention work;
- Assistance with Clerk functions; and
- Other support tasks as assigned

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$52,000

Cost Center: 1.6 Technical resource support (SCVHP Section 9.3.5)

Description of Work:

Resources, assumed to be provided through a contract starting in October, will be secured to provide technical and general administrative support at the direction of the Habitat Agency Executive Officer including meeting organization, preparation, participation and documentation; responding to public and Local Partner inquiries including Plan research; documenting of Plan

implementation decisions; and other Plan implementation and support tasks as needed. This work will be provided in coordination with support for Cost Center 2.1, Covered Activities and Plan Review Assistance.

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$55,000

Cost Center: 1.7 Grant coordination, preparation and administration (SCVHP Sections 8.3.5 and 9.3.5)

Description of Work: Implementation of the Habitat Plan is assumed to use grants from numerous sources for a wide variety of work tasks. The first year work priorities include:

- Develop a database of possible grant sources with application, criteria, scheduling, administration requirements and other information relevant to future grant applications.
- Identify grant sources with high priority for the first two to three years of Habitat Plan implementation.
- Prepare one and if resources permit two grant applications consistent with guidance from the Technical Advisory Committee.

Allocation of work will include use of contract resources including the County Parks and Recreation Department and/or the Open Space Authority and/or other contract resources.

Resources:

FY2013---April 26 through and June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$60,000

Cost Center: 1.8 Other Administrative and Outreach Expenses (SCVHP Sections 8.3.9 and 9.3.5)

Description of Work: Expenses include operational costs incurred with maintaining an office, providing reimbursement of expenses outside of approved contracts, training, public information and applications materials, outreach including a website and memberships. Work priorities include:

- Establishing and addressing costs associated with creating and maintaining an office for the Habitat Agency.
- Establishing a training program and undertaking training of local agency staff, frequent applicants and the public.
- Providing public information handouts.
- Maintaining a website addressing Habitat Plan history, documents, application information, public meeting notices and related information.

- Provide support to a limited number of organizations that provide services that support Habitat Plan implementation.

Resources:

Office space rent: \$24,000 through a contract with the City of Morgan Hill

Office furniture, equipment, operation and supplies: \$29,500 through a contract with the City of Morgan Hill

Insurance: \$25,000

Website: \$10,000 in FY13 and \$18,000 in FY14 for website content development (FY14 includes a one-time cost of \$8,000 for use of Civic Plus website software)

Application documents and User's Manuel: \$10,000 for consultant support services in FY13 and \$30,000 in FY14

Reimbursement expenses: \$6,000

The Habitat Agency will comply with the County of Santa Clara reimbursement rules and procedures. Specific costs include:

- reimburse Habitat Agency representatives for attendance at approved Regional and State meetings;
- reimburse one trip for three people to Washington to join with representatives from other habitat agencies seeking to maintain and expand federal support for land acquisition grant funding and other Habitat Plan-related programs.
- Note: Contract-related reimbursable expenses will be incorporated in specific contracts.

Training: \$60,000 (\$35,000 for training before fee schedule goes into effect and \$25,000 for training in the January to June 2014 period).

Public outreach and education---information handouts: \$7,500 (coordinated with website and application documents and User's Manuel).

Memberships: \$10,000 Membership in two organizations is recommended: 1. Northern California Conservation Planning Partners/California Conservation Partners (\$5,000) and 2. Bay Area Open Space Council (\$2,500). Membership in one or two other organizations may be desired (e.g., Joint Powers Authority Association).

Total Resources:

FY2013---April 26 through June 30, 2013: \$20,000

FY2014---July 1, 2013 through June 30, 2014: \$210,000

Work Area 2: Technical and Permitting Support

Cost Center: 2.1 Covered Activities and Plan Review Assistance (SCVHP Section 9.3.5)

Description of Work: Resources provided through an existing contract And a contract starting in October, will be used to provide technical and Plan research and interpretation support at the direction of the Habitat Agency Executive Officer including providing review of planning survey reports and application forms; responding to public and Permittee inquiries including Plan research; documenting implementation clarifications and interpretations; and other Plan implementation and support tasks as needed.

Resources:

FY2013---April 26 through June 30, 2013: \$10,000

FY2014---July 1, 2013 through June 30, 2014: \$40,500

Cost Center: 2.2 Information Management (SCVHP Sections 8.3.7 and 9.3.5)

Description of Work: The Implementing Entity will use GIS or other equivalent spatially-explicit database systems to collect, store, and utilize relevant spatial data necessary for Plan implementation, to track compliance and to guide reserve design, monitoring and adaptive management programs. The Habitat Agency must be able, in order to meet implementation and reporting requirements, to query the database to summarize take and conservation by year (by land cover types, plant occurrences, and modeled habitat for covered species) and cumulatively. The Habitat Agency will track all data related to the progress of meeting Plan goals and objectives. \$45,000 is included in an approved SCVWD contract with ICF Jones & Stokes. It is anticipated that this work will include a contract with the County of Santa Clara for approximately \$80,000 plus some additional assistance from ICF Jones & Stokes.

Resources:

FY2013---April 26 through June 30, 2013: \$10,000

FY2014---July 1, 2013 through June 30, 2014: \$125,000

Cost Center: 2.3 Waters Permitting (SCVHP Section 9.3.5)

Description of Work:

1. *Tasks 2.3.1 and 2.3.2:* An existing (2012) SCVWD contract (on behalf of the Habitat Plan's Local Partners) with ICF Jones & Stokes includes funding for work with the U.S. Army Corps of Engineers (Corps), Regional Water Quality Control Boards (Regional

Boards), and National Marine Fisheries Service (NMFS) to develop a program to streamline permitting of impacts to waters of the U.S.. The Corps staff is processing an application for a Regional General Permit based on implementation of the Habitat Plan. That work will continue into FY14. It is assumed that the SCVWD contract with ICF Jones & Stokes will be transferred to the Habitat Agency. The budget shows a revenue of \$125,000 with offsetting expenses.

In addition to working with the Corps, the Local Partners have met with and intend to work with both the San Francisco (for waters draining to San Francisco Bay) and Central Coast (for waters draining to Monterey Bay) Regional Water Quality Control Boards to integrate the Clean Water Act Section 401 Water Quality Certification process into the RGP process for Covered Activity implementation.

The contract with ICF Jones & Stokes was funded with Local Partner Habitat Plan development funds. That contract and the remaining funding (\$100,000) will be assigned by the Water District to the Habitat Agency. The use of that funding will continue and is anticipated to be sufficient to complete the RGP process and initiate some work with the Regional Boards. No Habitat Agency funds are included in the Agency's FY13 and FY14 budgets (i.e., the costs will be offset by the funds transferred by the Water District as part of the contract assignment).

2. *Task 2.3.3:* A comment from the staff of waters permitting agencies and especially the Regional Boards is that "many" or "numerous" applications are filed by individuals not familiar with the appropriate application process. Filing incomplete and incorrect applications increases review time and effort for both the Regional Board staff and the applicant. Task 2.3.3 is for the Habitat Agency to identify resources having familiarity and experience with preparing and processing waters permit applications, develop a framework of what type of support would most help potential applicants and inform the public of these resources. The decision to seek assistance would be up to each applicant and accomplished via a contract between the applicant and the resource.
3. *Task 2.3.4:* Task is to implement the Corps of Engineers (COE) Regional General Permit (RGP). COE staff assumes that the Habitat Agency will facilitate implementation of the RGP including advising applicants, verifying the completeness of applications, verifying the appropriate Habitat Plan mitigations and compiling applications on a regular schedule to facilitate Corps review and action under the RGP. The Habitat Plan, including the Cost Model and the Nexus Study on Fees, did not identify RGP implementation work and thus no source of funding exists for these activities. Establishing a per-application fee for this work would be appropriate. At the time of budget preparation, not enough was known about this task to identify costs and prepare a Nexus Study. It is anticipated that a Fee Schedule will be developed and an appropriate Nexus Study prepared later in 2013 but in time to be in effect when the RGP goes into effect.

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014:\$125,000 and mid-year budget item

Work Area 3: Conservation Strategy Implementation--- Reserve Creation, Restoration, Management and Maintenance

Cost Center: 3.1 Waters: Wetland Restoration and Creation (SCVHP Sections 8.3.8 and 9.3.3)

Description of Work: The objective of Cost Center 3.1 is to undertake work necessary to implement a wetland restoration or creation project consistent with the expectations of the Habitat Plan and the pending Corps of Engineers Regional General Permit. Work funded through a SCVWD contract with ICF that will be assigned to the Habitat Agency addresses:

- Investigation of open space likely to be transferred from the County of Santa Clara or the Open Space Authority for potential wetland restoration and creation sites, and
- Identifying the most urgent wetland restoration and creation needs to address impacts resulting from permitting of Covered Activities.

Addition contract work is proposed to:

- Undertake hydrological analysis of high ranking potential restoration or creation sites to ensure sufficient precipitation and run-off to support a riparian and/or aquatic site;
- Prepare conceptual designs for one or two high ranking sites; and
- Prepare 60%, 90% and 100% construction plans, specifications and related construction documents.

Construction is assumed to not begin until FY15.

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$135,000

Cost Center: 3.2 Lands: Integrating Existing Open Space and Site Evaluation (SCVHP Sections 8.3.8 and 9.3.3)

Description of Work: The Habitat Plan identifies future enrollment of approximately 12,291 acres of existing County Parks and Recreation land and 1,000 acres of Open Space Authority land into the Reserve System. The Plan identifies six County sites and one OSA site as the most likely sites for the Reserve System. The initial task is to develop a pre-acquisition site evaluation template and protocols for considering potential Reserve System sites. Sites will be evaluated to identify site features relevant to the Habitat Plan (e.g., land covers necessary to meet Stay Ahead requirements) and establish priorities for considering these sites for inclusion in the Reserve System.

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$80,000

Cost Center: 3.3 Lands: Rangeland Management, Serpentine Management, Western Burrowing Owls, and Connectivity and Permeability (SCVHP Sections 8.3.8 and 9.3.3)

Description of Work: Cost Center 3.3 focuses on four issues that have especially high priority for Conservation Strategy implementation. These issues each have a combination of technical complexity, long term implementation needs and commitments, and extensive public interest. The four issues are combined under one Cost Center to facilitate flexible use of resources.

1. *Rangeland Management:* The incorporation of rangelands into the Reserve System was a contentious issue during preparation of the Habitat Plan and will be a critical issue in achieving the success of the Conservation Strategy. Many rangelands locations will remain in private ownership with a conservation easement. Each conservation easement will require a site management plan that addresses maintaining a successful ranching operation and meeting conservation objectives. The FY14 objective is, in close consultation with members of the Rangeland Community and the Wildlife Agencies, to develop a template management plan that addresses issues (and alternative ways of addressing issues) likely to occur with specific conservation easements. Estimated cost: \$30,000.
2. *Serpentine Management:* Land acquisition, management, monitoring and adaptive management of serpentine grasslands to benefit the Bay checkerspot butterfly (BCB) and serpentine plants are Habitat Plan requirements. The initial serpentine-related work will include identification and evaluation of serpentine-related tasks including threats (e.g., invasive weeds) and monitoring and adaptive management protocols, development of a work program to guide serpentine-related work, and identification of costs and possible funding sources. Estimated cost: \$20,000.
3. *Western Burrowing Owls:* The Western Burrowing Owl (WBO), in addition to having a very complex conservation strategy, is the only Habitat Plan species with the expectation that the Habitat Agency will facilitate information collection, sharing and other communication with jurisdictions outside the Plan's Permit Area. The Expanded Study Area for Burrowing Owls includes jurisdictions from the Dumbarton Bridge south along the west side of the Bay and then north to the City of Newark. Southern Santa Clara County has a history of WBO population surveys that the Habitat Plan's conservation strategy requires to continue as they are critical to WBO population analysis, strategies and determination of Habitat Plan success. Survey work is assumed to involve a combination of consultant resources and community volunteers. In addition to survey-related work, a WBO work program and outreach and public communication strategy will be developed. At least one meeting will be held with South Bay cities. Estimated cost: \$40,000.

4. *Connectivity and Permeability:* Connectivity refers to corridors between larger habitat areas that allow for species movement. Permeability refers to the relative potential for a species to move across a landscape. Protecting species habitat to link two larger habitat areas is an example of increasing landscape connectivity. Removal of barriers (e.g., fencing) to species movement would increase landscape permeability. The Habitat Plan's conservation strategy includes increasing habitat connectivity and permeability. Three specific connectivity and permeability studies are required in the Habitat Plan: Tulare Hill to Anderson Reservoir, Pacheco Creek/State Route 152 and the Pajaro River (Habitat Plan pages 5-77 to 5-80). While there is a ten year time frame for these studies, they will require considerable data collection including documentation of species movements. Data will need to be collected consistent with biological data collection protocols. A work program, including a data collection plan and identification of resources, will be developed in coordination with the Wildlife Agencies, the public and local educational institutions. Estimated cost: \$22,500.

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$112,500

Cost Center: 3.4 Lands: Monitoring and Adaptive Management and Reserve Unit Management Planning (SCVHP Sections 8.3.8, 9.3.2 and 9.3.4)

Description of Work: Monitoring and Adaptive Management and Reserve Unit Management Planning both involve considerable data collection over the course of years. The objective of Cost Center 3.4 is to develop work plans for these two interrelated activities with a focus on cost effective data collection.

Monitoring and Adaptive Management is a core concept in the Habitat Plan (Chapter 7). These activities are required by federal (monitoring) and State (adaptive management and monitoring) regulations. The integrated purposes of these two activities are to ensure compliance with the Plan; to assess the status of covered and other native species, natural communities, and ecosystem processes; and to evaluate the effects of management actions.

The Habitat Plan requires Reserve Unit Management Plans (Chapter 5) for segments of the Reserve System. Areas identified in the Habitat Plan for Reserve Plans include Upper Penitencia, Coyote Ridge, Pacheco Watershed, Southern Santa Cruz Mountains and the Santa Teresa Hills. The Plans, while not required to be completed until five years after the first land purchase, will require data collected over a period of years.

The experiences of some other adopted habitat plans underscores the value of a proactive work programming and data collection process and the risks of increased costs and impacts on staff resources of delaying work planning and data collection. The work plans to be developed will include outreach to and identifying opportunities for local educational institutions and community groups to assist in data collection and analysis. Estimated Cost: \$37,500

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$37,500

Work Area 4: Endowment and Plan Preparation Cost Reimbursement

Cost Center: 4.1 Plan Preparation Cost Reimbursement (SCVHP Section 9.4.1)

Description of Work: The Habitat Plan's private sector and Participating Special Entity land development and special impact fees include a 0.014% fee to reimburse the six local jurisdictions that prepared the Plan for direct Plan preparation costs (i.e., costs paid for technical expertise and other expenses; not for staff time or other internal costs). The Plan Preparation Fee will repay the local jurisdictions over the 50 year permit term. The total Plan Preparation fees collected in a Fiscal Year will be distributed based on cost contribution to Plan development with 20 percent each going to the City of San Jose, the County of Santa Clara, the Santa Clara Valley Transportation Authority and the Santa Clara Valley Water District. Ten percent will go each to the City of Gilroy and the City of Morgan Hill.

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$10,900

Cost Center: 4.2 Endowment Costs (SCVHP Section 9.4.1)

Description of Work: The Habitat Plan is required to establish an endowment fund sufficient to pay for ongoing land management and maintenance after the 50 end of the year permit term. The Endowment fee is 11.7% of the Land Cover, Burrowing Owl, Serpentine and Nitrogen Fees and 12.2% of Wetland Fees. The funds will be invested by the County of Santa Clara consistent with County investment policies and procedures.

Resources:

FY2013---April 26 through June 30, 2013: 0

FY2014---July 1, 2013 through June 30, 2014: \$93,200